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THE
AMERICAN MULTIGRAPH
COMPANY

PRESIDENT'S REPORT

APR 20 1925

Stockholders' Annual Meeting
February 10, 1925

OFFICERS AND DIRECTORS

OFFICERS

H. C. OSBORN, President and General Manager
R. G. A. PHILLIPS, 1st Vice Pres., in Charge of Production
W. C. DUNLAP, Vice President, in Charge of Sales
S. H. MANSFIELD, Secretary, in Charge of Purchases
E. F. KOENIG, Treasurer

DIRECTORS

H. C. OSBORN
R. G. A. PHILLIPS
W. C. DUNLAP
E. F. KOENIG
C. K. ARTER
Dustin, McKeehan, Merrick, Arter and Stewart
ALEXANDER C. BROWN
President, The Brown Hoisting Machinery Co.
A. B. McNAIRY
Manufacturer
S. T. NASH
President, The Cleveland Provision Company
E. H. PARKHURST
Vice-President, The Columbia Axle Company
H. W. STECHER
President, The Pearl Street Savings & Trust Co.
EDWARD SCHULTZ
Schultz Bros. & Co.

PRESIDENT'S REPORT

STOCKHOLDERS' ANNUAL MEETING

February 10, 1925

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To the Stockholders of
The American Multigraph Company:

In concluding my report to you for the period ending December 31, 1923, I stated as my opinion that the affairs of your Company were, in all respects, in a most satisfactory condition. The experiences of the past year have proven this in much the same way as the sturdy ship is tested by heavy weather. You know, as I do, how trying the year 1924 proved, and how full of disappointment and discouragement to many institutions. So I am glad that it is now my privilege to present a not unsatisfactory and a wholly optimistic report on the past year.

Average sales for the last four years were $4,370,659 or $364,222 a month, while last year's total was $4,412,494, a $369,708 monthly average. This was a fall, it is true, from the 1923 peak of $4,878,252 but none the less in conformance to and support of your Company's long time growth rate.

The total cost of business for 1924 was $4,168,233, that for 1923 $4,418,841 or an increase in ratio of Cost to Sales from 90.5% to 94.5% with a corresponding fall in Net Profits from 9.5% to 5.5%. There was little fortuitous about this. There has not been any drastic cutting of expenses that might have seriously weakened the Selling Organization for a long time to come, and there has been due consideration given that constructive tendency of the times to look and plan ahead. In this connection, some expenditures that might have been deferred, have, as a matter of conservatism, been currently expensed. Last, but by no means least, the interests of a loyal personnel have been protected.

So the total profit for 1924, $244,261, compares very favorably with the average, $268,192, for the last four years. Of this year's profits $217,752 was disbursed as Preferred and Common Dividends—7% on the Preferred and $1.70 per share on Common. There are now 114,575 shares of Common Stock outstanding, an increase of 13,947 shares since my last report. The book value of this stock is $3,404,385 or $29.79 per share. The Preferred Stock has been reduced to $301,500, a total retirement for the year of $159,100 of what is virtually a 7% indebtedness.

After writing down Patent account $40,000, Surplus and Undivided Profits at January 1, 1925, were reduced $13,571 from the figures of a year ago to $928,223. When to this sum is added the $135,717 of Surplus appropriated as a Reserve for Contingencies you have a total Surplus of $1,063,940 to increase the Net Worth of Common Stock to $3,404,385 as before stated. This, together with the Preferred Stock, makes the total Net Worth of your Company $3,705,885. There are no long time debts. The total floating Debt including Reserves for Taxes and Fire losses aggregates $255,427, a decrease of $65,554 from last year. The sum of the total Debt and Net Worth, $3,961,312, then represents the total investment or capital used by your Company. This is divided into the following assets, together with comparison with 1923:

	1924	%	1923	%
Net Plant	$1,035,656	26.1	$ 909,613	23.3
Current	2,677,388	67.5	2,667,060	68.3
Deferred Items	40,151	1.1	83,281	2.1
Patents and Development	208,117	5.3	246,661	6.3
Total	$3,961,312	100.0	$3,906,615	100.0

The highly liquid character of a large percentage of the assets is further exhibited by the following ratios:

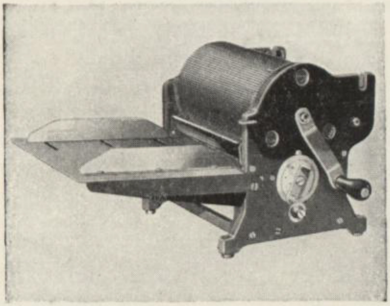
	1924	1923
Current Assets to Current Liabilities	12.5 to 1	9.4 to 1
Net Worth to Total Debt	14.5 to 1	11.2 to 1

It is the constant aim of your Company's personnel throughout to make friends by Multigraph sales, to expand the field of its use by finding new applications and to devise means for making its use more convenient and effective. In keeping with this objective the development of the Keyboard Compotype machine has passed the experimental and tooling stages and is in active production. This accounts for an increase of $129,987 in New Plant assets which otherwise would have fallen below the 1923 figures by virtue of depreciation credits. Inventories likewise carry $62,364 on account of Compotype parts in process.

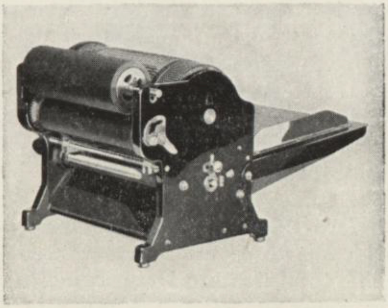
The personnel of the Organization is the same as at the time of my last report and is as follows:

H. C. Osborn, President and General Manager.
R. G. A. Phillips, 1st Vice-President, in Charge of Production.
W. C. Dunlap, Vice-President, in Charge of Sales.
E. F. Koenig, Treasurer.
S. H. Mansfield, Secretary, in Charge of Purchases.
A. E. Ashburner, Foreign Sales Manager.
Tim Thrift, Advertising Manager.
W. R. Allen, Chief Engineer.
F. J. Lyke, Maintenance Superintendent.
T. H. White, Industrial Relations Manager.

In covering the activities of the several departments of the business, I shall follow my usual custom and quote from the annual reports of Departmental Managers.



The Junior Multigraph, a Small Model for Form Typewriting



The Junior Multigraph Equipped with Inking Attachment for Office Printing

TREASURY DEPARTMENT

E. F. Koenig in Charge

Submitted herewith are the Asset and Liability and Income statements of the Company for the year ending December 31, 1924, as prepared by and certified to by Haskins & Sells.

The changes in the Asset and Liability factors for the past year and the net effect upon our Working Capital is perhaps best reflected by the following summary:

Common Stock increased net	$ 292,940	
Earnings left in the business	26,428	
Reserves for Operating Expenses	6,642	
Reserves for Plant Depreciation	46,521	
Deferred and Nominal Assets Decreased	81,675	
Total changes increasing Working Capital		$ 454,206
Appropriated Surplus (Reserve for Contingencies) decreased	18	
Unappropriated Surplus	40,000	
Preferred Stock	159,100	
Plant Increased	172,564	
Total changes decreasing Working Capital		$ 371,682
Net increase in Working Capital		$ 82,524

Distributed as follows:	Dec., 1924	Dec., 1923	Increase	Decrease	
Cash on hand and deposit	$ 160,230	$ 263,935		$ 103,705	
Cash Investments	352,425	102,277	$ 250,148		
Receivables	1,253,502	1,412,721		159,219	
Inventories	911,231	888,127	23,104		
Total Current Assets	$2,677,388	$2,667,060	$ 273,252	$ 262,924	
Accounts Payable	87,787	100,805		13,018	
All other	125,815	184,993		59,178	
	$ 213,602	$ 285,798		$ 72,196	
Working Capital	$2,463,786	$2,381,262	$ 273,252	$ 190,728	$ 82,524

It is noticeable that the excellent financial position of a year ago has been improved. Cash Investments are in Government Securities. Receivables, in spite of some slowing up of collections in the past six months, are not, all things considered, in less favorable condition than a year ago. Inventory increases are more than represented by $62,364 in Work in Process for the new Keyboard Compotype. Accounts Payable are only such as could not consistently be checked up and paid before closing the books for the year. There are no Notes Payable or Long Term obligations. The Liabilities classified as "All others" are made up in part of the necessary accruals of Payrolls, Commissions Payable, Bonuses, etc. The remainder consists of provision for State and Federal Taxes aggregating $70,691.

Reserves for Plant Depreciation were increased $46,521 for the year against $28,788 for 1923, the additional burden, it should be noted, being a charge against Current earnings. Reserves for Fire Losses increased from $35,183 to $41,825.

Deferred and Nominal Assets include $208,117 for Development and Patent expense. This was reduced $38,544 Net during the year by charges against Surplus and Undivided Profits. The residue of the

Deferred Assets $40,151 compares with $83,282 for December 31, 1923. This classification includes the usual prepaid and deferred items of insurance of various kinds, duty charges, stationery, postage, etc.

Some significant ratios bearing upon the financial and operating results for the year are shown below in comparison with 1923:

	1924	1923
Inventories to Receivables	.76	.63
Net Worth to Net Plant	3.58	3.95
Sales to Receivables	3.53	3.45
Sales to Inventories	4.85	5.50
Sales to Net Worth	1.19	1.36
Sales to Average Net Plant	4.99	5.68

THE AMERICAN MULTIGRAPH COMPANY AND SUBSIDIARY COMPANIES

EXHIBIT "A"

CONSOLIDATED GENERAL BALANCE SHEET, DECEMBER 31, 1924

ASSETS

CURRENT ASSETS:		
Cash—general	$160,229.77	
Notes receivable—customers	584,984.67	
Accounts receivable:		
Customers	650,802.00	
Employes	17,715.64	
United States Treasury notes and liberty loan bonds—at cost	347,718.75	
Accrued interest receivable	4,706.22	
Inventories, based on cost valuation of stock taken by the company at branches and on cost valuation of stock at plant shown by continuous stock records operated as a part of a cost accounting system (No quantities verified by audit):		
Finished goods at branches	326,701.20	
Finished and in-process goods at plant	461,336.21	
Materials and supplies at plant	123,193.70	
Total current assets		$2,677,388.16
PROPERTY:		
Land	$ 42,307.44	
Buildings	428,195.13	
Machinery, tools, and equipment	889,064.64	
Automobiles and trucks	12,502.60	
Furniture and fixtures	99,854.08	
Equipment at branches	150,773.66	
Patterns and drawings	48,427.15	
Total property		1,671,124.70
PATTERNS AND DEVELOPMENT EXPENSES, UNAMORTIZED BALANCE		208,117.18
DEFERRED DEBIT ITEMS		40,151.13
TOTAL		$4,596,781.17

THE AMERICAN MULTIGRAPH COMPANY AND SUBSIDIARY COMPANIES

CONSOLIDATED GENERAL BALANCE SHEET, DECEMBER 31, 1924

LIABILITIES

CURRENT LIABILITIES:		
Accounts payable	$ 87,787.47	
Salaries, wages and bonuses	17,134.56	
Commissions	35,455.00	
Accrued accounts:		
State and county taxes	30,023.79	
Income taxes for the year 1924	40,667.30	
Rent and other expenses	2,534.03	
Total current liabilities		$ 213,602.15
SERIAL GOLD NOTES, 7%, DATED DECEMBER 15, 1920—CALLED DECEMBER 15, 1923:		
Notes unredeemed	$ 5,100.00	
Interest accrued	1,050.00	
Total	$ 6,150.00	
Less redemption fund deposited with trustee	6,150.00	
RESERVES:		
Depreciation	$ 635,468.64	
Contingencies	135,717.11	
Fire losses at branches	41,824.88	
Total reserves		813,010.63
PREFERRED CAPITAL STOCK, 7%, CUMULATIVE—AUTHORIZED 5,000 SHARES OF $100.00 EACH; OUTSTANDING 3,015 SHARES		301,500.00
COMMON SHAREHOLDERS' EQUITY REPRESENTED BY 114,575 SHARES WITHOUT NOMINAL OR PAR VALUE:		
Paid-in capital	$2,340,445.00	
Profit and Loss surplus, per Exhibit "B"	928,223.39	
Total common shareholders' equity		3,268,668.39
Total		$4,596,781.17

Plant and Home Offices of The American Multigraph Company,
E. 40th St. & Kelley Ave., Cleveland, Ohio

THE AMERICAN MULTIGRAPH COMPANY AND SUBSIDIARY COMPANIES

EXHIBIT "B"

SUMMARY OF CONSOLIDATED INCOME AND PROFIT AND LOSS FOR THE YEAR ENDED DECEMBER 31, 1924

OPERATING PROFIT BEFORE PROVISION FOR DEPRECIATION AND TAXES		$ 432,314.57
DEPRECIATION AND TAXES:		
Depreciation	$ 64,773.95	
Taxes—federal capital stock, state franchise and property	84,544.59	
Total		149,318.54
NET OPERATING PROFIT		$ 282,996.03
OTHER INCOME:		
Interest earned	$ 48,153.27	
Discount on purchases	13,622.99	
Royalties received	5,240.76	
Sundry income credits	3,186.50	
Total		$ 70,203.52
GROSS INCOME		$ 353,199.55
INCOME CHARGES:		
Provision for income taxes for the year 1924	$ 42,231.91	
Accounts written off as uncollectible	22,643.51	
Discount on sales	40,640.69	
Sundry charges	3,502.44	
Total		109,018.55
NET INCOME		$ 244,181.00
PROFIT AND LOSS SURPLUS: JANUARY 1, 1924		941,794.13
GROSS PROFIT AND LOSS SURPLUS		$1,185,975.13
PROFIT AND LOSS CHARGES:		
Dividends on preferred capital stock	$ 27,216.00	
Dividends on common capital stock	190,535.74	
Amortization of the cost of patents	40,000.00	
Total		257,751.74
PROFIT AND LOSS SURPLUS, DECEMBER 31, 1924		$ 928,223.39

CERTIFICATE OF AUDIT

We have audited the books and accounts of The American Multigraph Company and subsidiary companies, annually, throughout the period from July 1, 1915, to December 31, 1924, and

WE CERTIFY that, in our opinion, the accompanying Consolidated General Balance Sheet as of December 31, 1924, and Summary of Consolidated Income and Profit and Loss for the year so ended are correct.

HASKINS & SELLS.

Cleveland,
February 2 , 1925.

PRODUCTION DEPARTMENT

R. G. A. Phillips in Charge

The Production Department in 1924 operated under two extreme conditions—the first four months very busily under the stimulus of good selling conditions, and from then on gradually slowing down and ultimately with many departments on a part time basis. In December, with improved selling conditions, factory operating conditions started to improve with every prospect of their all being on a full time basis early in 1925.

The total of hours actually worked in the Factory during the year was 588,000 compared with 655,000 hours in 1923. The total hours actually put into Multigraph production were 271,000 compared with 364,000 in 1923. The difference between total and production hours in 1924 is largely due to the amount of work undertaken in the experimental and tool room departments working on new products.

There was a reduction in the number of factory employees employed by the hour during the past year as compared with 1923, the average per month being 322 compared with 339 in 1923.

The wage rate was higher in 1924 principally by reason of the greatly increased number of tool and die workers employed and due to the reduced production. The average rate in 1924 was 70.9 cents compared with 65.7 cents per hour in 1923.

Machine unit production for 1924 was 22,043 compared with 32,724 in 1923. General depression in business after the early months in 1924 made it necessary to curtail production and reduce inventory.

The sub-divisions of the Production Department have been competently handled by the same heads as mentioned in last year's report, namely:

Production Control in charge of F. J. Kunze.
Manufacture Control in charge of E. C. Brunst.
Inspection Control in charge of C. E. Haas.

In the latter part of 1924 production was started on the Keyboard embossing machine known as Compotype No. 69, the demand for which has every indication of taxing our ability to supply for some time to come. With the return of the demand for our standard Multigraph product, the Production Department should be able to operate at full time and with the greatest economy.

The improvements in contemplation in our system mentioned in the last annual report have been put into effect with most satisfactory results, and we are ready to take care of any reasonable increase.

High factory morale characterized the 1924 operations, as even under the adverse conditions mentioned, co-operation and inter-department teamwork were evident at all times.

MAINTENANCE DEPARTMENT

F. J. LYKE, in Charge

The Maintenance Department controlling the following general divisions operated as follows compared with the year 1923:

	1924	1923
Building service cost	$ 24,952.34	$ 27,669.65
Heating plant expense	19,603.18	15,942.67
Electrical maintenance	6,378.04	11,009.67
Property expense	27,391.79	27,963.28
General, including taxes and insurance	37,671.93	31,137.81
	$115,997.28	$113,723.08

While there is an apparent increase in the cost of heating, it must be considered that there has been added about 15,000 square feet of surface to be heated and all parts of the factory have been comfortably heated in the most extreme weather, which was not possible with old heating equipment.

A very material reduction has been made in cost of Electrical maintenance due to employing men regularly for that work.

ENGINEERING DEPARTMENT

W. R. Allen in Charge

This department, which includes the Drafting, Tool and Experimental Rooms, has during the year completed the designing and building of tools for the new model Compotype. Changes in designs and tool equipment for active models have also been kept up to date.

This department also is in charge of the first one hundred Compotype Embossing machines which are now being processed through the factory. During the building of this lot of machines the Engineering De-

Employees of The American Multigraph Company partment will keep in close touch with all changes necessary to increase and cheapen cost of production, after which the succeeding lots of machines will be turned over to the Production Department to be carried through on regular schedule with the other standard products.

The total number of working hours in these departments for the year 1924 was 135,972, of which 70% was devoted to the No. 69 Keyboard Compotype model. The balance of the time was used in upkeep and changes of the tools for active models.

PURCHASING DEPARTMENT

S. H. Mansfield in Charge

The monetary value of the purchases for the year 1924 showed a decrease of 22% and the number of orders placed a decrease of 4% as compared with 1923. The purchases for the last six months were 34% less than for the first half of the year. At the present time they are running practically normal.

Our machinery purchases for the year were increased slightly over the previous year due largely to equipment necessary in connection with production of new products.

Deliveries during the past year, in accordance with prevailing conditions, have been very good and no inconveniences were experienced in the factory for want of material.

The manufacture of the embossing machine has necessitated the investigation of new sources of supply on many items.

The continued co-operation of the Engineering and Production Departments in matters pertaining to the establishment of clearer and more definite specifications and the anticipation of our requirements has shown splendid results.

During the past year some improvements have been made in the routine work of the department which is now in good shape and we are prepared to handle any increased business which we are privileged to enjoy.

A Happy Industrial Family

SALES DEPARTMENT

W. C. Dunlap in Charge

The year 1924 was one of general business inactivity; all lines of industry reached the low point in the summer but a change of conditions is noted and optimism is expressed on all sides for the coming year.

While our Sales and Profits during 1924 were lower than 1923 or 1922, yet both Sales and Profits during 1924 compare favorably with the past four year average, namely:

Sales—1924	$4,412,498
Four year average	4,370,659
Profits—1924	244,181
Four year average	268,192

The fiscal year ending December 31, 1924, compared with previous year follows:

COMPARISON OF SALES FOR 1923 AND 1924

	1923	1924	Percentage of Increase
United States	$4,012,588.61	$3,413,155.42	17.1 Dec.
Canada	146,633.63	140,187.25	4.3 Dec.
Foreign	719,030.64	859,155.41	19.4 Inc.
Total	$4,878,252.88	$4,412,498.08	11.4 Dec.

Strenuous efforts to reduce expense have been made during the year. This, of course, means a reduction in number of Employees. Division Managers were given a new form of contract, effective October 1, 1924.

FIELD SALES ORGANIZATION IN U. S. AND CANADA

	Dec. 31, 1924	Dec. 31, 1923
Managers	88	95
Senior Salesmen	143	116
Junior Salesmen	86	107
Service Men and Mechanics	78	113
Accountants, Clerks and Stenographers	139	123
Others	15	67
Total	549	621

FOREIGN DEPARTMENT

A. E. Ashburner in Charge

Total sales of the Company's products outside of the U. S. and Canada during 1924 exceeded those of 1923 by 19.4%. For purpose of comparison the following figures are illustrative:

	1923	1924	Percentage Of Inc. or Dec.
British Isles	$351,771.30	$349,316.14	.07 Dec.
Other Agents	367,259.24	509,839.27	27.9 Inc.
Totals	$719,030.54	$859,155.41	19.4 Inc.

BRITISH ISLES: Two general elections took place during 1924, seriously disrupting political and economic conditions and causing an extremely conservative attitude on the part of British business men. The unemployment situation existing throughout the British Isles is very serious. This factory reflects the industrial conditions with some accuracy. To overcome difficulties such as these, our British Agents have found it necessary to train and maintain an exceptionally capable sales force, make judicious use of forceful advertising and capitalize to the utmost upon the good will of the many hundreds of influential and enthusiastic Multigraph users. We are confident that 1925 will bring a substantial increase in sales from this field.

OTHER AGENTS: The business of our Agents shows an increase of 27.9% over that of 1923. The market showing the largest gain is Germany, where our Agents, the Deutsche Multigraph Gesellschaft, of Berlin, have developed an efficient and intensive organization, having opproximately thirty sub-agents in the most important centers of the German Republic.

Other notable increases are in the following territories: South Africa, Italy, Argentina, Australia and Hawaii. Practically all of our important markets show increases. In one or two instances, in markets of lesser importance, slight decreases occur.

A continual program of improvement in our Agency business is in effect. Some changes are being made in representatives, close co-operation from advertising and sales viewpoints is maintained and a schedule to afford much needed personal contact with some Agents is planned. The business secured through Agents in 1925 should show a further substantial increase.

ADVERTISING DEPARTMENT

Tim Thrift in Charge

Our advertising, for the first half of 1924, featured our Junior Multigraph, the low priced model. In the Fall of the year we discontinued this type of advertising and substituted a straight selling or mail-order type of advertising, featuring a Multigraph catalog and book of Multigraph evidence. This will be continued in 1925.

*The Merchandising Campaign, mentioned in our last report (an educational campaign which aims to make better merchandisers of business men) was promoted through advertisements in The Literary Digest, System and Business, during the year, supplemented with direct-mail work to selected prospects.

Our Multigraph machine advertising appeared in The Saturday Evening Post and a group of class publications in the advertising and selling field.

Extensive direct-mail advertising was carried on in conjunction with our national advertising.

Special literature prepared during the year included: Merchandising treatise, "Merchandising—An Answer to the Business World's Problem of the Hour: Cost of Sales"; a complete plan and procedure portfolio for commercial lettershops; a 64-page book giving the results of our "Sell

With the Multigraph" Contest, entitled, "Going After the Customer"; a mail-order type catalog of our Junior Multigraph, "Do Your Own Printing"; a new edition of our Manufacturers' Cut Book, nearly twice the size of any previous edition; a new service for users of eight four-color lithographed letter-heads for special advertising purposes, and a number of vocational booklets, brochures and folders.

Our total advertising expenditure for the year was $245,487.14 which was 5.7% of the sales for that period.

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*We will gladly send any reader interested in this campaign a copy of "Merchandising," our general treatise on the subject.

REBUILT DIVISION

R. H. Jarrett in Charge

This Division of our Selling Organization, located at Chicago, Ill., has had many years successfully controlled the used machine, or second-hand problem, at a profit.

The method of securing and distributing Multigraph products not being used by the owner, is such that new sales are increased and very little competition with our own goods experienced.

During the past year, the Rebuilt Division showed the usual increase in sales and profit in proportion to the increased number of our machines in use.

INDUSTRIAL RELATIONS DEPARTMENT

T. H. White in Charge

As in 1923 this department concentrated its efforts on the following divisions:

Employee Representation
Employment
Education
Dispensary
Cafeteria
"Center Punch"
Telephones
General Service

In addition to above the necessary details of the Mutual Benefit Association were added.

EMPLOYEES' REPRESENTATION

Our representative bodies of Employees' Congress and Departmental Representatives were especially active during 1924 when comparison is made to the lack of interest that might have resulted due to shorter hours and unemployment situation. The following committees have been constantly in touch with both the employees and management:

Production Costs and Betterments
Engineering Co-operative
Maintenance
Wages and Rates
Sales
Recreation and Entertainment
Rules and Elections
Advisory
Educational

One of Congress' most notable achievements of the past year was the establishment of a definite understanding regarding piece work rates. Also, improved type of cost information given employees was made possible through the work of the Production Costs and Betterments Committee.

In addition, we had a better opportunity of giving our employee representation plan more countrywide publicity than in 1923.

EMPLOYMENT

During 1924—122 employees were hired for factory departments as compared with 378 in 1923. Comparatively few were hired for the office departments and then only in case of replacements.

Ths average monthly turnover for 1924 was 3.57% as compared with 6.57% for 1923, a decrease of 3%.

EDUCATION

We have been aided in this division by the recently appointed Educational Committee of Congress. Three additional classes have been in operation during the fall and winter season, namely, Business Correspondence, Shop Mathematics and Radio. The groups, while not large, are enthusiastic. The Foremanship Training class, under the supervision of the Cleveland Board of Education, has taken more interest this past year than in 1923 and have been benefited accordingly.

The Multigraph Employees' Congress, 1924

Magazines and other printed matter of general interest are distributed to the employees gratis just as fast as we are able to collect them.

Our circulating library loaned 2,444 books during 1924 as compared with 2,597 in 1923. 250 new books were added to the library by donations.

Bulletins pertaining to matters of general interest are posted periodically on all boards throughout the plant.

DISPENSARY

The Dispensary exceeded its record of the previous year by increasing its units of service to 6,894 as compared with 5,929 during 1923. This includes surgical cases, medical cases, consultations, visits to homes of employees and to employees in hospitals. Two hundred and twelve cases were referred to outside agencies with considerable savings to employees.

CAFETERIA

Although the patronage was reduced in 1924 because of fewer employees, we were able to operate on a cost basis, 46,548 people being served in 1924 as compared with 47,734 in 1923, a decrease of 1,186. The average cost per meal was 34 cents in 1924 as compared with 34.5 cents in 1923. This reduction was the result of a most rigid economy.

MUTUAL BENEFIT ASSOCIATION

While the recently formed Mutual Benefit Association is controlled by ten Trustees elected at large among its members, the details of the Association are in the hands of this department. From the standpoint of accumulating a surplus, the Association has not been a success during the first year, but from the point of benefits derived by employees, it is highly successful. Sixty-four cases were approved for benefits amounting to $1,413 during 1924. More than 80% of the employees are members.

CENTER PUNCH

Our factory newspaper was reduced in size during the last six months to decrease the cost of publication. The "Center Punch" has been an aid in our industrial relations work as shown by the employees' interest in it.

GENERAL SERVICE

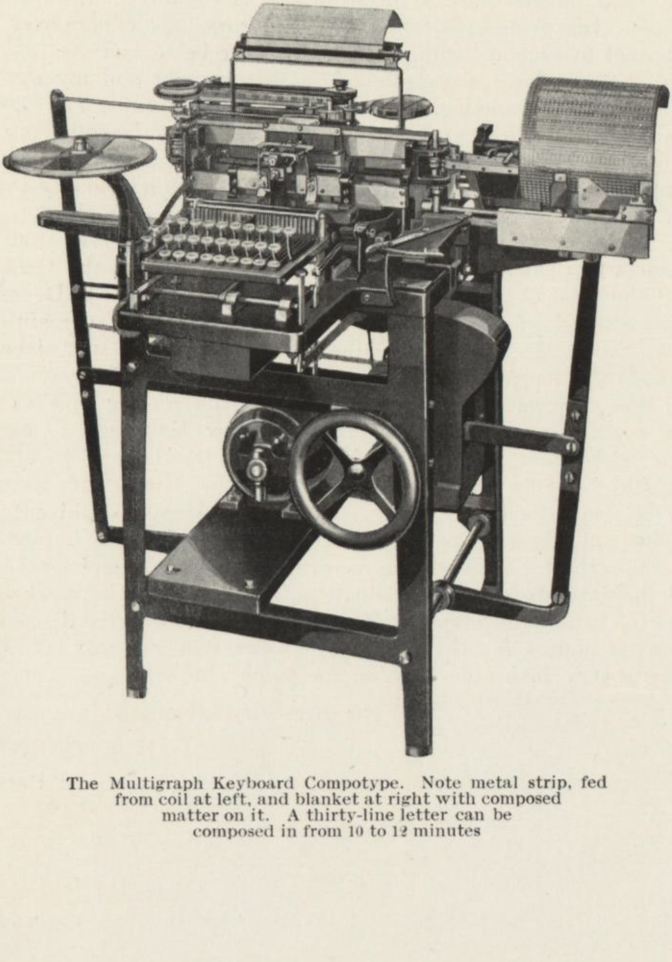
Group insurance, investments, personal savings, legal questions and many other such services were extended to employees.

CONCLUSION

The opening of the New Year finds us all looking earnestly into the future for the solution of our problems. Forecasting by the professional and by the amateur, has become popular. Some of the devices are remindful of the divining rod for detecting the presence of oil and gold. However, I imagine that, frequently in the future as in the past, we shall have to abandon our instruments and our calculations and navigate the business ship by "dead reckoning." Upon such occasions, our dependence will be upon the navigator's intuition and the staunchness of the vessel. Those concerns, who have taken the advantage, the experiences of 1924 have helped in reconditioning their crafts for better service in any seas. I know that we have accomplished in this respect and my optimism is based upon this knowledge. In my report to you August 17, 1920, I said that our growth in the next five years depended upon the following factors: Organization, production, working capital, demand. How do we stand now in these respects? First, Organization has unquestionably progressed from a high to a still higher level; second, Production is able to meet any reasonable demands upon it; and, third, Working Capital—that is, Current Assets less Current Liabilities—has increased from the 1923 peak of 61% of the total Capital used in the business, to 62.3% at December 31, 1924, or a total of $2,463,786. As for the factor of demand for our product, there can be no question about the important place it fills throughout the length and breadth of Commerce and Industry. And as though this were not enough, I am happy to inform you that we are now getting a start in actively marketing the new Keyboard Compotype, a machine with great possibilities for profit in itself directly, but also of inestimable value in creating new users of the Multigraph as well. It should be understood that, as this machine will not be sold outright but leased instead, thereby insuring a steady and, I believe, important item of income in the future, the early returns will not be conspicuous but these should increase steadily as production increases and the market for the machine is further developed. Therefore, after carefully discounting all enthusiastic claims for the future of business in general, I feel safe in claiming a very favorable position for your Company.

Respectfully submitted,

H. C. OSBORN,
President.



The Multigraph Keyboard Compotype. Note metal strip, fed from coil at left, and blanket at right with composed matter on it. A thirty-line letter can be composed in from 10 to 12 minutes

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